TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 2224 - SB 2363

March 15, 2012

SUMMARY OF BILL: Prohibits any Too Big to Fail financial institution that received Trouble Assets Relief Program (TARP) funds from making campaign contributions, directly or indirectly, to members of the General Assembly, until the fifth anniversary of the date that such institution has paid back all funds to the government institutions that provided them or January 31, 2018, whichever is later. Specifies that the statutes of limitations for any action brought under the Consumer Protection Act, prosecution for any misdemeanor or felony offense, action for which there is a statute of limitations under current law regarding limitation of actions, and common law action would be tolled for such financial institutions during the same period of time. Requires the Comptroller of the Treasury to investigate the systemic risk posed by the continued existence of Too Big to Fail financial institutions for Tennessee's retirement funds and other funds of public entities held, owned, or maintained by other public entities operating within Tennessee. Requires the Comptroller to file a report, by January 1, 2013, with any findings and recommendations with the Governor and the Chairmen of the House Commerce Committee and the Senate Commerce, Labor and Agriculture Committee. Creates a special joint bipartisan study committee, consisting of three members of the House and three members of the Senate, to study specific items regarding the 2008 financial crisis and Too Big to Fail financial institutions. Requires all appropriate state agencies to provide assistance to the committee upon request. Requires the committee to report any findings and recommendations to the General Assembly by February 1, 2013, at which time the committee shall cease to exist. Directs the Treasurer and the Comptroller of the Treasury to conduct a study to determine whether private sector credit agencies that assign bond credit ratings have taken proper steps to evaluate and remedy the causes of their broad failure to evaluate the risks associated with financial instruments. Requires a report to be filed, by January 1, 2013, with the Governor and the Chairmen of the Finance Ways and Means Committees of each House.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – $1,800/Each One-Day Meeting

Assumptions:

- Too Big to Fail financial institutions are defined as financial institutions and insurance companies that possessed in excess of $100,000,000,000 in assets at any time during the period beginning on January 1, 2007 and ending on December 31, 2010.

- According to the Department of Financial Institutions, no Department-regulated financial institutions meet the definition of a Too Big to Fail institution.
- Prohibiting Too Big to Fail institutions from making campaign contributions, directly or indirectly, for a specified length of time to members of the General Assembly will not result in a significant fiscal impact to the state.
- Travel and per diem expenses for six legislative members of $1,817.76 per meeting ($176 per diem plus $126.96 mileage for each member).
- Any impact on the caseloads of state or local courts resulting from tolling the identified statutes of limitations for such financial institutions is estimated to be not significant.
- The Comptroller of the Treasury and the Treasurer will conduct and report the required studies using existing resources without an increased appropriation or reduced reversion. Any increase in expenditures associated with these studies is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Lucian D. Geise, Executive Director

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